

## Message Text

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PAGE 01 STATE 047776

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ORIGIN EB-07

INFO OCT-01 ISO-00 /008 R

66618

DRAFTED BY EB/IFD/OFF:RSGELBARD:WW

APPROVED BY EB/IFD/ODF:RSGELBARD

----- 036664

O 052309Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BERN IMMEDIATE

AMEMBASSY ROME IMMEDIATE

C O N F I D E N T I A L STATE 047776

FOLLOWING REPEAT STATE 047776 SENT ACTION TO LONDON INFO BONN  
BRUSSELS COPENHAGEN THE HAGUE MADRID OTTAWA PARIS STOCKHOLM TOKYO  
SANTIAGO AND GENEVA DTD 04 MAR 75  
QUOTE:

C O N F I D E N T I A L STATE 047776

E.O. 11652: GDS

TAGS: EFIN, CI, UK

SUBJECT: CHILE DEBT RESCHEDULING

REF:A.STATE 45567, B. LONDON 03204

1. EMBASSY (PREFERABLY CHARGE) SHOULD ADVISE BRITISH AT  
HIGH LEVEL THAT USG APPROACHING OTHER PARIS CLUB MEMBERS ON  
THIS SUBJECT. IN DOING SO, YOU MAY DRAW ON POINTS CON-  
TAINED IN REF. A, PLUS THE FOLLOWING:

2. WE ARE VERY DISTURBED BY THE UK DECISION NOT TO ATTEND  
THE PARIS CLUB TO RESCHEDULE CHILE'S DEBTS, AND BY ITS  
INTERNATIONAL EFFORTS TO ATTEMPT TO GET OTHER CREDITORS TO  
DO THE SAME, ESSENTIALLY DISRUPTING THE FUNCTIONING OF A  
STANDARD INTERNATIONAL FINANCIAL PRACTICE. THE DECISION, IF  
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NOT REVERSED, SETS A DANGEROUS PRECEDENT INTERNATIONALLY BY

INTRODUCING POLITICAL JUDGMENTS INTO AN AREA THAT TRADITIONALLY RELIES SOLELY ON FINANCIAL AND OTHER ECONOMIC CRITERIA FOR ITS DECISIONS. USE OF CREDITOR CLUBS SERVES ALL COUNTRIES WELL, BUT THIS COULD BE A STEP TOWARD DESTROYING THEM.

3. THE BRITISH DECISION, AS WELL AS THE ATTEMPT TO GET OTHER COUNTRIES TO FOLLOW SUIT, COULD ALSO HAVE RAMIFICATIONS FOR COUNTRIES THAT BRITAIN SUPPORTS FOR DEBT RESCHEDULING, SUCH AS INDIA. IT IS WORTH REMEMBERING, TOO, THAT THE U.S. ACTIVELY SUPPORTED BRITAIN IN THE GHANA RESCHEDULING IN ORDER TO ACHIEVE CREDITOR UNITY EVEN THOUGH WE WERE OFFERED A SEPARATE SETTLEMENT AND WERE A DE MINIMUS CREDITOR.

4. WE DO NOT BELIEVE THIS IS THE WAY TO GET CHILE TO CHANGE ITS HUMAN RIGHTS POLICY. THAT ISSUE IS UNDER ACTIVE DEBATE IN THE UNITED NATIONS HUMAN RIGHTS COMMISSION AND OTHER INTERESTED FORA WHERE IT PROPERLY BELONGS. THE INTRODUCTION OF POLITICAL CONSIDERATIONS TO THE PARIS CLUB DELIBERATIONS RUNS THE SERIOUS RISK OF DESTROYING THE EFFECTIVENESS OF THAT TECHNICAL BODY AND COULD WELL CAUSE HARDLINERS IN THE GOC TO REACT NEGATIVELY AND PURSUE A GO IT ALONE POLICY RATHER THAN CONTINUE RECENT IMPROVEMENTS IN THE HUMAN RIGHTS AREA. KISSINGR UNQUOTE INGERSOLL

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